



August 19, 1993

cc: JD  
LB  
HK  
CD  
8/26  
Charlie,  
Following on this from  
with Hank and Jon

J. L. JONES  
Chain Accounts Manager

400 Raritan Center Parkway  
Raritan Center  
Edison, NJ 08837  
908-225-4774  
Fax 908-417-9076

To: J. H. Casey  
G. B. Brown

Re: Singer Shop Rite Contractual Plan Compliance

Gentlemen:

Approximately one month ago Philip Morris contacted Sharon Singer, Cigarette Buyer for the above chain, and presented their contractual pack and carton merchandising plan proposal. Sharon accepted their proposal with the stipulation that PM could not violate RJR's contractual pack and carton display plans. Reps with Singer Shop Rite call responsibility know PM violated virtually all of our contractual plans in this chain. I conducted a chain wide survey to assess PM's damage and prepared the attached presentation.

On August 18, I met with Expo Guzman, Front-End Supervisor, and received her signed authorization (see attached), which instructs our people to call on all stores and reinstate all RJR contractual plans, where PM has violated same. The attached presentation specifically identifies, on a by store basis, all of our contractual plans that PM deemed non-compliance.

Greg,

• Jersey City store (Rt. 440)

HK Please have your people replace PM's self service Savings Center with our larger 4 foot low profile DORAL Savings Center with casters and security (1 carton access). RJR will occupy the top two shelves, PM will be placed on the 3rd shelf and loaded contiguously.

• Little Ferry store

LB Remove PM's cartons from the top of the 3 foot section they occupy on our carton fixture to the third shelf. Also, remove their Marlboro sign from the canopy top and replace with our.

As previously stated, all RJR contractual plans are to be reinstated.

"We work for smokers."

51847 6564

Joe -

• Hillside store

Please have Rich communicate to you all non-compliance problems, if any, created by PM at this store.

Sharon Singer has requested we place prices in all of our cigarette price signs on location. During my store surveys, all prices were missing on our signs. If your people encounter any problems in their effort to reinstate our contractual plans in any store, please have them contact Espo Guzman directly -- 201-662-4220.

Your assistance in this matter is appreciated.

Sincerely,



J. T. Jones

UTJ/fr

Attachment

cc: M. A. Young

M-2

51847 6565

**SINGER SHOP RITE**  
**CONTRACTUAL PACK / CARTON PAYMENT**  
**RJR / PM ANALYSIS**

51847 6566

STORE	RJR PLANS	CURRENT RJR QTRLY PAYMENTS	PM CHANGE	RJR POTENTIAL PAYMENT LOSS - QTRLY	RECOMMENDATIONS
315 KENNEDY BLVD N. BERGEN, NJ	ECD (pack displays)	\$ 150	•REPLACED WITH PM	\$ 150	•REINSTATE
	NSS (cartons)	240	•VERTICAL LOAD	N/C	• N/C
	SAV. CTR. (cartons)	120	•VERTICALLY LOADED FIXTURE TOP SHELF DOWN REMOVED SIGN	120	•PM LOAD CONTIGUOUSLY
	<b>TOTAL</b>	<b>\$ 510</b>		<b>POTENTIAL \$ LOSS \$ 270</b>	
147 ROUTE 440 JERSEY CITY, NJ	ECD (pack displays)	\$ 150	•REMOVED.	\$ 160	•REINSTATE
	NSS (cartons)	240	•MOVED TO LEAST VISIBLE LOC.	240	•MOVE RJR CTNS. TO RIGHT SIDE FACING CTN. FIXTURE
	SAV. CTR. (cartons)	168	•REMOVED TO NSS	168	•REINSTATE - PM LOAD VERT. ON OUR SAV. CTR.
	<b>TOTAL</b>	<b>\$ 558</b>		<b>POTENTIAL \$ LOSS \$ 558</b>	
260 BERGEN TPK. LITTLE FERRY, NJ	S/S (cartons)	\$ 612	•VERTICAL LOAD 3 FT. SECTION, TOP TO BOTTOM, PM SIGNAGE PLACED ON FIXTURE	\$ 612	•PM PAY FOR 1/2 OF CARTON FIXTURE
	<b>TOTAL</b>	<b>\$ 612</b>		<b>POTENTIAL \$ LOSS \$ 612</b>	
312 BROAD AVE. RIDGEFIELD, NJ	ECD (pack displays)	\$ 150	•DISPLAY REMOVED BY PM REINSTATED BY RJR REP.	N/C	•NONE
	NSS (cartons)	240	•VERTICALLY LOADED, REDUCED RJR ROWS FROM 40 TO 36	\$ 24	•NONE
	<b>TOTAL</b>	<b>\$ 390</b>		<b>POTENTIAL \$ LOSS \$ 24</b>	
8104 TONNELLE AVE. NO. BERGEN, NJ	ECD (pack displays)	\$ 150	•REMOVED BY STORE PERSONNEL	\$ 150	•REINSTATE
	NSS (cartons)	252	• N/C	N/C	•NONE
	<b>TOTAL</b>	<b>\$ 402</b>		<b>POTENTIAL \$ LOSS \$ 150</b>	

**CURRENT RJR QUARTERLY PAYMENTS**

QUARTERLY = \$2,472

ANNUALLY = \$9,888

**POTENTIAL RJR PAYMENT LOSS**

QUARTERLY = \$1,614

ANNUALLY = \$6,456

**65% REDUCTION IN RJR'S CONTRACT PAYMENTS**

*Please allow  
RJ keep aisle  
to do these  
changes 8-18-93  
LSP*

R. J. REYNOLDS TOBACCO COMPANY CURRENTLY PAYS SINGER SHOP RITE \$2,472 QUARTERLY OR \$9,888 ANNUALLY FOR CONTRACTED PACK/CARTON DISPLAYS.

CONTRACT PAYMENT ANALYSIS

AVERAGE CARTON SALES PER WEEK 300 CPW  
    x 5 STORES  
= 1500  
    x 13 WEEKS (QTR.)  
= 19,500  
    24% RJR'S SHARE OF BUSINESS  
= 4,680 CPW

RJR PAYMENT PER CARTON SALES

\$ .53 PER CARTON FOR ALL RJR  
BRANDS SOLD PER QUARTER.

RECOMMENDATIONS:

PHILIP MORRIS CURRENTLY PAYS RETAILERS CONTRACTUAL CARTON DISPLAY PLANS, FULL PRICE AND SAVINGS BRANDS ON RJR FIXTURES ON A CONTIGUOUS LOAD BASIS, BEGINNING ON THE 3RD SHELF DOWN, I.E., FOODARAMA SHOPRITE, SHOP RITE SUPERMARKETS, HOME LIQUORS, RX PLACE (27 STORES). PHILIP MORRIS IS ATTEMPTING TO MINIMIZE RJR CONTRACTUAL PACK / CARTON DISPLAY PRESENCE BY ELIMINATING RJR MERCHANDISERS PACK / CARTON, OR VERTICALLY LOADING ON OUR SAVING CENTERS. PHILIP MORRIS KNOWS THESE TACTICS VIOLATE RJR'S CONTRACTUAL DISPLAYS. DO NOT ALLOW PHILIP MORRIS TO DICTATE DIFFERENT TERMS THAN ALLOWED IN THE ABOVE STORES. DO NOT RISK LOSING \$6.456 ANNUALLY FROM RJR. SINGER SHOP RITE'S GOAL IS TO BE PAID THE MAXIMUM CONTRACTUAL DOLLARS FROM BOTH COMPANIES.